

# The Importance Of Tax Benefits And Preferences In Measuring The Negative Effects Of The Coronavirus Pandemia And Global Crisis On The Economic Sectors

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*Abstract: The article analyzes the mechanism of the effective application of tax and customs benefits while mitigating the negative impact of the coronavirus pandemic and global crisis on the economy, social support of the population, stimulation of economic sectors and business entities.*

*Keywords: coronavirus pandemic, global crisis, business entities, state budget, taxes and customs payments, tax rates, tax benefits, preferences.*

## **1. INTRODUCTION.**

Combating the spread of coronavirus infection in our country and ensuring macroeconomic stability in the era of other global threats, the uninterrupted operation of industries and sectors of the economy, stimulating foreign economic activity, supporting small business and private entrepreneurship, improving the business environment, negatively affecting the business environment The mechanism of effective implementation of tax and customs benefits is important in mitigating the impact factors, effective social support of the population, prevention of a sharp decline in incomes of the population.

At a video conference chaired by President Shavkat Mirziyoyev on March 26, 2020 on strengthening the fight against the spread of coronavirus infection, the head of state stressed the need to provide additional benefits, taking into account the views of business representatives. [1]

## **2. ANALYSIS AND DISCUSSION OF RESULTS.**

During the fight against the spread of coronavirus infection in Uzbekistan, the President of the Republic of Uzbekistan signed a decree on March 19, 2020 "On the coronavirus pandemic and the global crisis in the economy" in order to ensure social protection and sustainability of economic sectors, support economically disadvantaged businesses. PF-5969 "On priority measures to mitigate the negative impact", PF-5978 of the President of the Republic of Uzbekistan dated April 3, 2020 "On additional measures to support the population, sectors of the economy and businesses during the coronavirus pandemic" Decree of the President of the Republic of Uzbekistan dated April 15, 2020 "Measures to ensure the

stability of the State Budget of the Republic of Uzbekistan during the coronavirus pandemic and timely funding of priority measures" Resolution No. PQ-4679 of the Ministry of Foreign Affairs of the Republic of Uzbekistan is relevant in its important aspects.

Today, in order to support the rapidly developing sectors of the economy and ensure their stability during the coronavirus pandemic in our country, the President of the Republic of Uzbekistan adopted on March 19, 2020 "Priority measures to mitigate the negative impact of the coronavirus pandemic and global crisis Decree PF-5969 "On" began to give a positive effect. [2]

According to the decree, in the event of a pandemic, individual entrepreneurs are forced to cease their activities, it is especially important to stop the calculation of a fixed amount of personal income tax and social tax. In this case, the state tax service authorities shall be notified of the termination of the activity through the personal account of the taxpayer and the issuance of a certificate of state registration is not required.

To date, 198,000 individual entrepreneurs who have been forced to suspend their activities due to quarantine have received 541 billion soums. The calculation of the fixed amount of personal income tax and social tax in the amount of UZS 1 billion was stopped. [3]

Another important aspect of the decree is that from April 1 to October 1, 2020:

- It is allowed to reduce the amount of the basic calculation of the monthly minimum amount of social tax for individual entrepreneurs up to 50%;
- reduction of fees for the right of retail sale of alcoholic beverages for public catering establishments by 25% from the established amounts;
- The enterprises engaged in wholesale trade in alcoholic beverages will also be encouraged, and the amount of their allocations will be reduced from 5% to 3%;
- Calculation and payment of hotel fees is suspended.

Tax rates for the use of water resources in terms of volumes used to irrigate agricultural land have been reduced by 50 percent from the rates set in 2020.

In the case of the use of land for irrigation in agricultural activities, the tax rates for the use of water resources for them were reduced by 50 percent.

The deadline for submission of the declaration of total annual income of individuals (for 2019) has been extended until August 1, 2020. Also, the deadline for individuals to pay property tax and land tax has been extended until October 15, 2020. Exemption from taxation of income received by individuals in the form of material benefits from charitable organizations (from April 1, 2020).

Individual entrepreneurs engaged in tourism activities, for which the fixed amount of personal income tax has been reduced by 30%.

Local authorities allowed businesses to defer (pay in installments) for 6 months without charging interest on property tax, land tax and water use tax.

Penalties for overdue receivables on foreign trade operations will be suspended until October 1, 2020. Prior to the introduction of this procedure, the impact measures depended on the duration of the delay. In this case, 120 days after the start of the transaction, penalties were imposed in the amount equivalent to 10, 20 or 70 percent of the amount of overdue receivables. According to this normative document, the tax authorities have paid 716.9 billion

soums to the state budget for 2542 economic entities. It should be noted that fines in the amount of UZS were not applied.

In addition, the tax authorities suspended the calculation of property tax, land tax and tax penalties for the use of water resources to businesses experiencing temporary difficulties, as well as the failure to take measures to collect tax arrears. Currently, 2,170 applications for extension of tax arrears are being considered. Their total amount is 682 billion soums.

To assist taxpayers in the preparation and submission of tax returns to the State Tax Committee of the Republic of Uzbekistan through the use of modern information technology and the involvement of companies specializing in the production of software products, tasks to take measures to expand remote service. As a result, special staffs consisting of employees of the SSC and all its regional structures were established, and tax officials were attached to local shopping centers and markets. In addition, the 7/24 DSQ "Hotline" and "Call-center" were quickly monitored by the population, on the basis of which the study and appropriate control measures were established. [3]

In the analysis of tax administration of foreign countries, it was revealed that tax authorities pay special attention to partnership and preventive administrative measures, while in Uzbekistan tax administration is more repressive, which is manifested in the identification of already committed tax offenses and the application of penalties. Nevertheless, starting in 2018, in Uzbekistan, one of the most important areas for improving the tax administration system was the transformation of the state tax service into a service-oriented service by creating their new image as a business partner and consultant for taxpayers, and the unconditional fulfillment of the target by each employee - "The tax service is a reliable partner of a bona fide taxpayer"; creating favorable conditions for voluntary fulfillment by taxpayers of their tax obligations on the principle of extraterritoriality, lawful, transparent and comfortable business, ensuring the growth of taxpayer satisfaction; creation of a fundamentally new system of tax administration and control, as well as the application of preventive and proactive measures to prevent corruption factors.

Until January 1, 2021, the tax audit of business entities has been suspended, except for tax audits in the framework of criminal cases and in connection with the liquidation of a legal entity.

To business entities. In turn, in the presence of overdue receivables in respect of total exports of goods in the reporting year, not more than 10%, to export goods without collateral and to repay overdue receivables on foreign trade operations in 2020 in exchange for technological equipment and raw materials. one-time import operations were allowed.

The Decree of the President of the Republic of Uzbekistan dated April 3, 2020 PF-5978 "On additional measures to support the population, sectors of the economy and businesses during the coronavirus pandemic" is particularly relevant in the fight against the spread of coronavirus infection. . [4]

According to the decree, until December 31, 2020, zero rates of customs duties and excise taxes will be set on the import of goods.

According to the decree, tour operators, travel agents and entities providing hotel services (accommodation services) in the field of tourism, JSC "Uzbekistan Airways" and its

subsidiaries, JSC "Uzbekistan Airports" and SUE "Uzaeronavigatsiya Markazi" from April 1 to December 31, 2020:

- exempted from property tax of legal entities and land tax from legal entities;
- the social tax rate was reduced to 1 percent.

As a result, JSC "Uzbekistan Airways", 1764 business entities engaged in tourism and hotel services were exempted from land and property taxes, their social tax amounts were reduced from 12% to 1% and amounted to 136 billion soums. soums were left at their disposal. [3]

Value-added taxpayers with a turnover of sales of goods (services) not exceeding 1 billion soums per month and using electronic invoicing have the right to calculate and pay this tax on a quarterly basis.

According to the analysis, today the trade turnover of 25.2 thousand entities is 1 billion soums per month. 450 billion soums for users of electronic invoices not exceeding UZS and paying VAT. UZS once a quarter. In addition, as of the date of quarantine, 284.5 bln. soums were reimbursed negative amounts of VAT.

The application of increased rates of property tax and land tax on unused production areas, non-residential buildings, as well as the procedure for calculating penalties and enforcement measures against debt incurred as a result of the application of increased rates on these taxes has been suspended. According to the decree, 20267 entities with vacant lands that are currently unused have been suspended from calculating taxes at high rates and collecting 1.1 trillion soums in fines for delayed days. [3]

Micro-firms, small businesses and individual entrepreneurs will be required to notify the tax authorities if they cease their activities and the revenue from the sale of goods (services) decreases by more than 50% compared to the average monthly amount in the first quarter of this year. They have the right to defer (pay in installments) the following taxes until October 1, 2020:

- on turnover tax, property tax, land tax, water use tax without application to local public authorities - on the condition that they are paid in equal installments within 12 months;
- on social tax - on the condition of its subsequent payment in equal shares for 6 months.

According to this order, as of April 6, 2020, according to the applications received from business entities, a total of 6.76 billion soums was allowed to defer payment of taxes.

In this case, the following operating entities:

- in the manufacturing sector in the amount of 3481.6 million soums,
- in the field of transport in the amount of 604.5 million soums,
- In the construction sector, it was possible to change the deadline for payment of taxes in the amount of 568.2 million soums. [3]

Due to the fact that the Ministry of Finance of the Republic of Uzbekistan has the opportunity to defer (installment) payment of property taxes, land taxes and taxes on the use of water resources, the local budgets will be reimbursed on a monthly basis from the Crisis Fund.

Until the end of 2020, the current rates of excise tax on alcohol, alcoholic beverages, including wine and beer, as well as excise tax on sales of gasoline, diesel fuel and gas to final consumers will be maintained.

A moratorium was imposed until October 1, 2020, on the application of bankruptcy procedures to enterprises facing financial difficulties due to restrictive measures introduced to combat the spread of coronavirus infection and their declaration of bankruptcy.

Until October 1, 2020, wholesale sales of medicines, medical devices and other products manufactured in pharmacies are allowed.

In the case of a loan (repayable financial assistance) without the obligation to pay interest to the lender before the end of the year, income determined on the basis of the refinancing rate (base rate) for tax purposes is not included in total income and is not taxed.

During the quarantine period, the calculation and collection of rent for the use of state property by businesses that were forced to suspend their activities was suspended. Entrepreneurs who lease state-owned facilities, whose activities have been suspended by the decision of the Republican Commission for Crisis Control due to quarantine, will not pay rent during the downtime from March 24, 2020 (catering establishments, training centers, fitness centers, gyms, tourism facilities). etc.).

To date, the State Assets Management Agency has held one-on-one talks with entrepreneurs who have leased more than 12,500 state-owned facilities in this area. Copies of electronic applications were prepared and sent to facilitate their application. As a result, as of April 9 this year, an appropriate decision was made to exempt 9979 entrepreneurs from the payments specified in the contract for the quarantine period (in the field of education, tourism, consumer services, etc.).

In addition, due to quarantine, 157 entrepreneurs applied for an extension of the term of the contract (20 days) for leased state property through e-executive auctions. Measures are being taken to address these issues as well.

One by one, 1,320 investors investing in state assets have been interviewed and their problems have been studied. Of those, more than 330 investors have asked for an extension of their contracts, saying they may not be able to meet their investment obligations on time due to the pandemic. In terms of regions, the largest number of applications is in Andijan (51), Bukhara (50), Fergana (43), Tashkent region (38) and Kashkadarya (24). [5]

With the abolition of the requirements for the calculation of income tax on the basis of the previous quarter, taxpayers of this tax have the right to provide a certificate of the amount of advance payments of income tax from the second quarter of 2020, based on the expected amounts. In case of abuse of this right by taxpayers, the state tax service has been authorized to make changes to the certificates of advance payments of income tax.

From April 1, 2020, taxpayers will be able to apply the value-added tax benefits provided for in the resolutions of the President and the Cabinet of Ministers of the Republic of Uzbekistan without the conditions of directing tax-exempt funds to specific purposes.

In addition, construction materials required for the construction of medical and quarantine facilities to combat coronavirus infection, as well as goods required for their operation, were exempted from customs duties, including value added tax, until December 31, 2020.

No customs clearance fees are charged for express tests for coronavirus infection.

In order to ensure the stability of the State Budget of the Republic of Uzbekistan, timely and full funding of important measures to prevent the spread of coronavirus infection, salaries and

equivalent payments, pensions and benefits and priority state programs, the President of the Republic of Uzbekistan Of particular importance is the Resolution No. PP-4679 "On measures to ensure the stability of the State Budget of the Republic of Uzbekistan and the timely financing of priority activities." [6]

Today, during the coronavirus pandemic and the global crisis, the priorities of ensuring the stability of the State Budget of the Republic of Uzbekistan and the optimization of budget expenditures have been identified:

- Implement urgent measures to combat the spread of coronavirus infection;
- ensuring full implementation of significant social expenditures;
- Analysis of the state of socio-economic activity in the world and in the country, and the transfer of projects and costs that are not considered relevant based on the level of importance;
- taking into account the priority and social orientation of projects in reducing budget funds allocated for the implementation of state programs;
- Ensuring the full implementation of internal and external obligations of the state, including payments for goods, works and services provided on the basis of civil law contracts, as well as obligations under public-private partnership projects;
- Increasing the responsibility of budget allocators for independent cost reduction.

It was decided that the Ministry of Finance of the Republic of Uzbekistan, the Council of Ministers of the Republic of Karakalpakstan and local authorities will direct budget revenues, as well as transfers from the national budget, excise tax transfers, budget loans and other funds.

- measures to combat the spread of coronavirus infection, including the purchase of drugs and medical supplies, construction, reconstruction, repair and equipping of medical facilities;
- timely payment of salaries, pensions, stipends and benefits;
- to cover the purchase of food, utilities and other urgent expenses;
- Other measures and expenses in accordance with the decision of the Republican Commission for Crisis Management.

The Cabinet of Ministers of the Republic of Uzbekistan has the right to establish a special regime for the distribution of revenues or profits from the sale of goods (works, services) for enterprises and organizations with a state share of 50% or more in the authorized capital in the field of mining.

Until June 1, 2020, the Agency for Civil Service Development under the President of the Republic of Uzbekistan and the Cabinet of Ministers of the Oliy Majlis of the Republic of Uzbekistan the introduction of a single remuneration system for organizations and funds.

### **3. CONCLUSION.**

The following conclusions and recommendations can be made to mitigate the negative impact of the coronavirus pandemic and the global crisis on sectors of the economy:

- By providing effective tax incentives and preferences in the context of the coronavirus pandemic, the funds remaining at the expense of business entities can help them maintain the stability of their activities, overcome economic difficulties and pay their employees on time.



- Privileges and benefits provided to businesses and entrepreneurs correctly and in a timely manner serve their sustainable operation, which in turn ensures the well-being of the families of workers and employees who serve them;
- It is necessary to improve the provision of benefits and other services to taxpayers as much as possible remotely, online;
- The most important rule of quarantine in the period of pandemic - further improvement of electronic tax services provided by the state tax authorities in ensuring social distance;
- Provision of benefits and preferences aimed at stimulating the activities of entrepreneurs, self-employed citizens and freelancers engaged in the service sector in the country under quarantine;
- Based on the best practices of foreign countries, today it is necessary to increase the incentive effect of tax incentives for enterprises with foreign investment aimed at developing the production of competitive and consumer goods on the world market.

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